

Message Text

CONFIDENTIAL

PAGE 01 MADRID 02052 161834Z

41

ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 SSO-00 NSCE-00 INRE-00 USIE-00

CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03 NSAE-00 NSC-05

PA-01 PRS-01 SP-02 SS-15 IO-11 ACDA-05 OMB-01 SAM-01

/071 W

----- 034849

O 161742Z MAR 76

FM AMEMBASSY MADRID

TO SECSTATE WASHDC IMMEDIATE 4987

C O N F I D E N T I A L MADRID 2052

E.O.11652: GDS

TAGS: PNT, SP

SUBJECT: RUMORS OF CABINET CHANGE

1. JUAN CARLOS' KINGSHIP HAS PASSED THE FIRST 100 DAYS AND THE NEW ARIAS GOVT THE THREE MONTH MARK. THE ENDEMIC LABOR TROUBLES WITH THEIR ADDED BURDEN ON A TROUBLED ECONOMY, THE UNSURPRISING DIFFICULTY IN MOVING THE REFORM PROGRAM AHEAD ON A TOTALLY SMOOTH COURSE AND UNEXPECTED AND DISTURBING VIOLENCE, PARTICULARLY IN VITORIA, HAVE CREATED A CERTAIN POLITICAL MALAISE IN TERMS OF PUBLIC ORDER THIS MALAISE IS MORE A FUNCTION OF SPAIN'S BEING UNUSED IN RECENT TIMES TO THE CURRENT FREQUENCY AND INTENSITY OF DEMONSTRATIONS THAN TO ANY REAL THREAT, BUT THERE IS MORE NERVOUSNESS AROUND THAN IN THE PAST.

2. THE PRESCRIPTION OF THE RIGHT IS TO SLOW THINGS DOWN, WHICH WOULD PLAY INTO THE HANDS OF THOSE WHO HOPE TO DESTABILIZE THE PROCESS. ON THE LEFT THE USUAL STERILE CALLS FOR "RUPTURE" ARE HEARD, THOUGH THE OPPOSITION SOCIALISTS AND CHRISTIAN DEMOCRATS HAVE AT LEAST NOTED THEIR OPPOSITION TO VIOLENCE.

3. IN THE CAMP OF FRAGA AND IN OTHER CENTRIST GROUPS THERE IS AN OBVIOUS FEELING THAT WHAT THE PROCESS NEEDS IS MORE ACTION ON THE REFORM FRONT RATHER THAN LESS, IN
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 MADRID 02052 161834Z

ORDER TO REASSERT THE DYNAMIC OF THE EVOLUTIONARY PROCESS.

THERE IS ALSO A CONSIDERABLE FEELING THAT A CHANGE OF A CABINET MINISTER OR TWO IS DUE. MADRID IS BUZZING WITH RUMORS THAT FINANCE MINISTER VILLAR MIR, WHOSE ECONOMIC PROGRAM AND PRONOUNCEMENTS HAVE BEEN UNDER ATTACK FROM A VARIETY OF SECTORS, REGIME AS WELL AS OPPOSITION, IS ABOUT TO GO. (THERE ARE ALSO RUMORS THAT HIS FORMER FIRM, ALTOS HORNOS STEEL, IS UNDER DISCREET INVESTIGATION FOR ALLEGED IRREGULARITIES.) HIS REMOVAL, IF IT OCCURS, WOULD BE POPULAR, WHETHER IT WOULD HELP THE ECONOMIC SITUATION IS LESS SURE.

4. MORE IMPORTANT, THERE ARE ALSO RUMORS, WHICH WE HAVE TENDED TO DISCOUNT BUT WHICH REFLECT THE MALAISE REFERRED TO ABOVE. THAT ARIAS HIMSELF MIGHT BE LEAVING BEFORE LONG. THE KING IS WIDELY THOUGHT TO HAVE CRITICIZED IN PRIVATE ARIAS' PERFORMANCE IN STRONG TERMS LAST WEEKM WHETHER HE DID SO, AND IF SO, WHETHER HE EXPECTED HIS HEARERS TO LET THE STORY OUT REMAINS IN QUESTION. BUT THE STORY IS RATHER WIDESPREAD.

5. EVEN SO, THE PROBLEM OF THE COUNCIL OF THE REALM REMAINS, SHOULD ARIAS, STRANGELY SILENT OF LATE EVEN DURING THE VITORIA DISTURBANCES, SETP DOWN, THERE IS NO GUARANTEE THAT THE COUNCIL OF THE REALM WOULD PRESENT TO THE KING SOMEONE WHO COULD BE EFFECTIVE (E. G, FRAGA) IN GIVING IMPETUS TO THE REFORM PROCESS. AND, FRANKLY, WE DONT' SEE THAT THE SITUATION HAS REACHED THE POINT THE POINT WHERE THERE IS ANY NEED TO REPLACE ARIAS, EVEN THOUGH THERE IS CERTAINLY SOME DISSATISFACTION WITH HIM. FOR ONE THING, THE CABINET HAS PRESENTED REFORM PROPOSALS EVEN IF THERE HAVE BEEN DELAYS. FOR ANOTHER, IN THE CONSERVATIVE CORTES A POTENTIALLY GREATER THREAT TO THE REFORM PROCESS THAN THE CABINET-FERNANDEZ MIRANDA HAS TAKEN STEPS TO PUU IN NEW COMMITTEE CHAIRMAN WHO HE SAYS ARE MORE ATTUNED TO GETTING THE REFORM LEGISLATION PASSED.

6. IN SUM WE JUDGE THERE IS A POSSIBILITY THAT VILLAR MIR WILL GO. WHETHER HE LEAVES WILL LIKELY DEPEND ON THE FATE OF HIS ECONOMIC REFORM PACKAGE IN THE CORTES, WHERE IT IS IN CONSIDERABLE TROUBLE. WE REPORT THE ARIAS RUMORS WITH CONFIDENTIAL

CONFIDENTIAL

PAGE 03 MADRID 02052 161834Z

MORE SKEPTICISM, EVEN THOUGH DISAGREEMENT OVER THE SHAPE AND MOMENTUM OF THE REFORM PROCESS MIGHT SOONER OR LATER LEAD TO S SITUATION WHERE THE ISSUE COULD BE PLACED SQUARELY IN TERMS OF KEEPING ARIAS OR KEEPING FRAGA AND AREILZA.

7. SHOULD ARIAS LEAVE SOMEWHERE IN MID STREAM (APOSSIBILITY THAT WAS, AFTER ALL, MENTIONED AT THE TIME OF HIS RETENTION)

IT WOULD NOT BE A MATEER OF THE KING'S FIRING HIM, BUT OF
SECURING ARIAS "VOLUNTARY " RESIGNATION. MOST
IMPORTANT, THE GROUND WORK WILL HAVE TO BE LAID FOR THE
SELECTION OF A SUITABLE REPLACEMENT. THE COUNCIL OF THE
REALM WOULD HAVE TO BE PERSUADED OR WHIPPED INTO LINE
TO PRESENT THE KING WITH A PERSON WHOM THE KING FEELS
CAN EFFECTIVELY CARRY ON THE PROCESS OF POLITICAL DEVELOPMENT
AT WRITING, THERE IS NO EVIDENCE THAT THE GROUNDWORK HAS
BEEN LAID AND THE DEPT WILL RECALL THAT THDFKING IN
DECEMBER WOULD HAVE PREFERRED SOMEONE OTHER THAN ARIAS
TO HEAD THE NEW GOVT BUT FOUND IT NECESSARY, IN VIEW OF
THE OPPOSITION WITHIN THE CONSERVATION COUNCIL OF THE
REALM, TO RETAIN ARIAS.
STABLER

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CABINET, LABOR RELATIONS, ALLEGATION, ECONOMIC CONDITIONS, POLITICAL STABILITY, CIVIL DISORDERS
Control Number: n/a
Copy: SINGLE
Draft Date: 16 MAR 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: coburnhl
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976MADRID02052
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760099-0155
From: MADRID
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760357/aaaabxup.tel
Line Count: 129
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: coburnhl
Review Comment: n/a
Review Content Flags:
Review Date: 10 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <10 MAY 2004 by ellisoob>; APPROVED <02 SEP 2004 by coburnhl>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: RUMORS OF CABINET CHANGE
TAGS: PINT, PGOV, SP, (JUAN CARLOS I)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006